

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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February 25, 2003

FROM: MARK H. UFFER, Director
Arrowhead Regional Medical Center

SUBJECT: HOME-BASED SERVICE AGREEMENTS

RECOMMENDATION: Approve the following agreements for home-based services for the period March 1, 2003 through June 30, 2006:

<u>CONTRACTOR</u>	<u>AGREEMENT NO.</u>	<u>AMOUNT PER YR.</u>	<u>TOTAL AMOUNT</u>
Crescent Healthcare, Inc.	03-	\$120,000	\$390,000
Foothill Oxygen Service, Inc.	03-	\$100,000	\$325,000
Home Pharmacy of California	03-	\$120,000	\$390,000
Option One Home Medical Equipment, Inc.	03-	\$100,000	\$325,000

BACKGROUND INFORMATION: The Medical Center is responsible for the care provided to the County's Medically Indigent Adult (MIA) residents under the provisions of the Welfare Institutions Code section 17000, et seq. Frequently, it is most cost effective (and reduces recovery time with some patients) to discharge patients from the hospital with home-based services prescribed by their physician. The services may include oxygen therapy, wheelchairs, intravenous therapy, etc. The type of service and length of use varies with each patient.

For the past four years the Medical Center has contracted with three vendors (Foothill Oxygen, LifeCare Solutions and Superior Home Care) to provide home-based services to the County's MIA patients. All three agreements are set to expire on February 28, 2003. On December 3, 2002, the Board of Supervisors authorized the Medical Center to issue a Request for Proposals (RFP) to provide home-based services to the County's MIA patients. The RFP was released and proceeded as scheduled through the vendor selection in January. The Medical Center received proposals from Core Products, Crescent Healthcare, Inc., Gentiva Health Services, Foothill Oxygen Services, Inc., Home Pharmacy of California, Option One Home Medical Equipment, Inc., and Visiting Nurse Association of the Inland Counties.

A multidisciplinary team of Medical Center staff, including Respiratory Care Services, Home Health, Material Management, Ambulatory Administration, and the Hospital Compliance Officer, was selected to conduct the initial review of the RFPs. A recommendation was presented to the Medical Center Administrative team, where the Administrative team concurred with the committee's recommendation and a decision was made to pursue the above agreements for home-based services. The criteria used was not only the cost of the services, but also the proposers' ability to provide the required services and products to patients in a timely and efficient manner.

In thoroughly reviewing all the proposals presented, the review panel and Administration found that Foothill Oxygen Service, Inc., and Option One Home Medical Equipment were best suited to provide the necessary durable medical equipment as prescribed by physicians to their discharged patients. The vendors were able to offer the Medical Center a competitive fee schedule and the necessary medical equipment as often prescribed by physicians to discharged patients. Core Products was not chosen due to their limited amount of respiratory care equipment available. A large number of discharged patients require respiratory care type equipment.

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The Medical Center chose Crescent Healthcare Inc., and Home Pharmacy of California to provide pharmacy services to discharged patients as prescribed by their physician. Crescent Healthcare, Inc. and Home Pharmacy of California were the only vendors who responded to this portion of the RFP. Both vendors have sufficient experience and knowledge of home based pharmaceutical services and offer a competitive fee schedule suitable to the Medical Center.

The Medical Center is requesting the Board to approve agreements with Foothill Oxygen Services, Inc. and Option One Home Medical Equipment to provide and set up durable medical equipment and Crescent Healthcare, Inc. and Home Pharmacy of California to provide prescribed pharmaceuticals for discharged MIA patients. By contracting with two vendors for each service, it allows the Medical Center to provide home-based patient care to MIA patients in a timely manner, thereby reducing hospital bed days, enhancing the healing process, and improving patient satisfaction.

As a part of the RFP, the Medical Center invited proposals from vendors to supply home-based nursing services. At this time, the Medical Center is still in the process of reviewing this portion of the RFP. Once the review process is completed for this service, the Medical Center will return to the Board of Supervisors to request approval of a home-based nursing service agreement(s). The Medical Center believes that it can reduce costs by contracting with home-based nursing vendors who can provide nursing services to patients who have been safely and appropriately discharged by their physician. This type of home care has also been shown to reduce recovery time in patients. It is anticipated that the review process will be completed within the next two months.

REVIEW BY OTHERS: This item has been reviewed by HSS Administration (Beatriz Valdez, Administrative Analyst) on February 12, 2003, and County Counsel (Charles J. Larkin, Deputy County Counsel) on February 13, 2003.

FINANCIAL IMPACT: The total amount for the agreements with Foothill Oxygen Service, Inc., and Option One Home Medical Equipment, Inc. for durable medical equipment is in an amount not-to-exceed \$100,000 per annum per agreement. The total amount for the agreements with Crescent Healthcare, Inc., and Home Pharmacy of California for pharmacy services is in an amount not-to-exceed \$120,000 per annum per agreement. This is a total amount not-to-exceed \$440,000 each year for all four agreements. The amount expended with the vendors will vary each month depending on patient discharge volume and the need for home-based services. Historically, the Medical Center has found that discharging patients to their home and providing them with home-based services, results in a shorter recovery period and is more cost effective to the Medical Center. The amount for these four agreements is available in the Medical Center's FY 2002/03 budget and will be included in the proposed FY 2003/04, FY 2004/05, and FY 2005/06 budgets.

Cost Reduction Review: The County Administrative Office has reviewed this agenda item and concurs with the department's proposal and recommends this action based on the fact that the services are necessary for the health and safety of the Medical Center's patients. Services provided by these vendors are necessary for the Medical Center to comply with Welfare Institutions Code section 17000, et seq. The Medical Center is responsible for the care provided to the County's Medically Indigent Adult (MIA) residents. A part of the Medical Center's compliance with this requirement is to provide home-based services to those patients discharged from the hospital.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Mark H. Uffer, Director, Arrowhead Regional Medical Center, 580-6150

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